

**IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
21st JUDICIAL DISTRICT, LEWIS COUNTY**

JURY DEMANDED

THIRD: Defendant admits he served as one of three Executive Vice Presidents of Sentinel Trust Company and was directly responsible for its bond registrar/paying agent department.

FOURTH: Defendant admits he supervised the bond registrar/paying agent operations of Sentinel Trust Company at 205 Bastin Road, Hohenwald, Tennessee from 1998 until about April, 2001, when operations were moved into new offices at 29 West Main Street in Hohenwald.

FIFTH: Defendant admits he is the son of Danny N. and Deanna June Bates.

SIXTH: Defendant admits that he rented the residence at 312 Bastin Road with the option to purchase, made repairs and improvements to said property while renting same from funds in part provided by Danny Bates through Sentinel Trust Company, and purchased said property, repaying in full the costs thereof.

SEVENTH: All allegations not specifically admitted herein are DENIED as to lack of information or facts to confirm or deny the truthfulness of the allegations.

PART II.

ANSWER

For answer to the specific allegations of the numbered parts and paragraphs of the Complaint, Defendant makes the following responses:

- §1. DENIED as to lack of information and facts to support the allegations.
- §2. ADMITTED that LAVENDER purports to be acting as Commissioner of

the Tennessee Department of Financial Institutions but DENIED that his actions are authorized by his official capacity or that his official capacity empowers him to file such Complaint.

§3. DENIED as to identity of Receiver. Pursuant to notice filed in the Lewis County Chancery Court on May 18, 2004, LAVENDER appointed the entity “Jeanne Barnes Bryant/Receivership Management, Inc.” as Receiver.

§4. - §21. DENIED as to lack of information or facts to confirm or deny the truthfulness of the allegations.

§21. ADMITTED that Sentinel Trust Company was incorporated in Tennessee under the Tennessee General Corporations Act in November, 1975. All other allegations are DENIED as to lack of information and facts to support the allegations.

§22. - §37. DENIED as to lack of information or facts to confirm or deny the truthfulness of the allegations.

§38. DENIED as to lack of information or facts to confirm or deny the truthfulness of the allegations.. In fact, the residence does not have an “indoor-outdoor swimming pool” as alleged.

§39. DENIED. Based on personal knowledge, the residence is not carpeted.

§40. - §71. DENIED as to lack of information or facts to confirm or deny the truthfulness of the allegations.

§72. ADMITTED that Defendant Danny N. Bates was a director and the President of Sentinel Trust Company, All other allegations are DENIED as to lack of information and facts to support the allegations.

§73. DENIED as to lack of information and facts to support the allegations.

§74. DENIED as to lack of knowledge of motivation of Plaintiff Lavender but ADMITTED that Plaintiffs unilaterally and peremptorily seized and possessed Sentinel Trust Company on May 18, 2004. ADMITTED that Plaintiff Lavender appointed "Jeanne Barnes Bryant/Receivership Management Inc" as Receiver.

§75. DENIED as to characterization of motivation of Danny Bates. On information and belief, Deanna June Bates owns the Bates residence at 205 Bastin Road, Hohenwald, Tennessee.

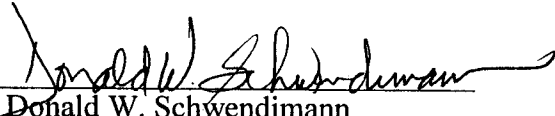
§76. - §134. DENIED as to lack of information and facts to support the allegations.

WHEREFORE, PREMISES CONSIDERED, Defendant prays for relief as follows:

- (a) a dismissal of the Complaint against Defendant;
- (b) trial by jury of the allegations set forth herein, in the event this Complaint is not dismissed;
- (c) monetary judgments to be awarded to Defendant for attorney fees and other costs and expenses associated with this case; and,
- (d) all other relief as warranted by equity and justice.

Respectfully submitted,

Schwendimann & Associates

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CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that I have mailed copies of the foregoing Answer, by depositing said copies in the U.S. Mail, postage prepaid, this 22nd day of July, 2005 to:

J. Graham Matherne
Wyatt, Tarrant and Combs, LLP
2525 West End Avenue, Suite 1500
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